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**Co-operative Federation of Victoria Ltd**

**Annual Report  
2000/01**

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## **"A bird in the hand is worth two in the bush"**

**David Griffiths**  
Chairman

The headline is apt when thinking about the activities and achievements of the Co-operative Federation of Victoria Ltd – apt because sometimes we are prone to focus on the "two birds in the bush" (what has not been achieved by the Federation) rather than the "bird in the hand" (what has been achieved by the Federation).

Of course, it is important to be realistic about our activities and achievements. But, there are two key interdependent dimensions to being realistic.

First, there is the global reality – the enormous challenges we face in representing and advocating the co-operative option and the reality that our ability to impact is culturally, politically and economically constrained and limited by our resources.

Second, there is the local reality of what we can do and achieve with existing resources and whether we are increasing our efficiency and effectiveness and being smarter.

What we need to do is focus on the local reality within the context of the global reality – a local reality that interacts with the global reality. If, instead, we focus primarily on the global reality, then, the local reality will always been seen to be peripheral and marginal irrespective of any increased efficiency and effectiveness – and real achievements. An exclusive global focus will lead us to explicitly and/or implicitly denigrate local activities and achievements.

### **A Year of Progress**

I would like, therefore, to briefly identify the reality of our actual activities and achievements in 2000/01:

- Publication of the Co-opAdvantage Developing Directors of Co-operatives Kit and development of a Workshop program. The kit is available to members at a substantial discount - \$100 for a single copy compared with \$150 for non-members.
- A continued partnership with Monash University Agribusiness for the Agribusiness Co-operative Directors Seminar.

- Publication of The Co-op Start-Up Manual. A free copy of the kit was provided to each member co-operative requesting a copy. Additional copies for members and copies for non-members are sold for \$65 each,
- The continued partnership with Words in Time for the publication of the Victorian Co-operative News and the provision of National Co-op Update to members. The approximate monetary value is \$150 to each member.
- The Energy Aggregation Workshop on 1 August 2000 at Moreland and the Marketing Our Co-operative Advantage Workshop on 14 May 2001 at Warrnambool.

### New Members

During 2000/01 we have welcomed 10 new members:

Active Learning & Communication Co-operative Ltd  
 Australian Alpaca Co-operative Ltd  
 North East Flower Growers Co-operative Ltd  
 North East Rural Education Project Co-operative Ltd  
 Pyrenees Hay Processors Co-operative Ltd  
 Pyrenees Store Co-operative Ltd  
 Skills.Net Association Co-operative Ltd  
 SouthEast Housing Co-operative Ltd  
 Southern Agricultural Producers Co-operative Ltd  
 Warrnambool Co-operative Society Ltd

### Public Policy

There is an ongoing challenge to overcome the marginalisation of the co-operative way in public policy debate. The beginning of this is to strongly articulate the co-operative difference – consistently and persistently. Our public policy advocacy during 2000/01 has included:

- Mr. John Watkins, Minister for Fair Trading (NSW) UK Co-operative Commission report.
- Hon C.A. Strong UK Co-operative Commission report.
- Carlo Carli (MP) UK Co-operative Commission report.
- Hon Dr. D.V.Naphine U.K. Co-operative Commission report.
- Mr. P.J.Ryan, Leader, National Party, U.K. Co-operative Commission report.
- Marsha Thomson, Minister for Small Business, U.K. Co-operative Commission report.
- Hon. J.M.Brumby, Treasurer and Minister for State and Regional Development, U.K. Co-operative Commission report.
- Hon. Keith Hamilton, Minister for Agriculture, U.K. Co-operative Commission report
- Dr. E. Robyn Mason, Executive Director, AMA, co-operatives and GP's.
- Mr. Bill Newton, CEO, GPDV, co-operatives and GP's.
- Hon. John Thwaites, Minister for Health, restoring elected community representatives on community health centre boards.

- Hon. Candy Broad, Minister for Energy & Resources, security of electricity supply consultation.
- Hon. Steve Bracks, Premier, security of electricity supply consultation.
- Hon. John Thwaites, Minister for Health, restoring elected representatives to Community Health Centre boards.

### Member Democracy

Member democracy is the essence of co-operation – a vigorous, critical and participating membership.

One element of this is written, telephone and email feedback from members to the board and/or Executive Officer – whether it is positive or negative.

Feedback is essential for it helps us to get a sense of how you think the Federation is going – what we are doing 'right' and what we are doing 'wrong.'

In the Annual Reports, I have tried to provide my perspective on how your Federation is going. I tried to balance between the 'negative' and the 'positive' i.e. reality.

In a past Annual Report I also referred to 10 member co-operatives who had expressed dissatisfaction with Federation services. It is important that these concerns are articulated and recognised – and that the Federation is meaningfully responding to the issues.

Repressive tolerance does not serve anyone's interest – a dissatisfaction with services that is not expressed to the Federation because members can have low expectations about either the willingness or capacity of the Federation to respond.

Of course, limited resources guarantee difficulties with processes and outcomes – things will be overlooked, forgotten and/or neglected. These circumstances should be understood – not tolerated. Feedback could, for instance, be an essential reminder of the need to respond to a forgotten letter.

Over the last 12 months, however, our level of activities and achievements have significantly exceeded our resources – a tribute to an over-worked and under-paid Executive Officer, the board and those member co-operatives where there is a strategic alliance.

I would encourage members, however, to provide feedback to the board and the Executive Officer. All I ask is that the feedback is courteous and polite.

## **Assumptions and Realities**

From time to time the Executive Officer has to address the unusual expectations of members and others – unusual because they assume a reality that isn't so. It is an example of a high expectation.

The expectation is that the Federation has an established office with adequate staffing and resources. The reality is that the Executive Officer works part-time and this could vary depending on income. There are no support staff. The office at Beechworth is rent free.

The expectation is also, however, a compliment that assumes that what we have achieved is based on a resourcing capacity we do not have.

## **Strategic Alliances**

Strategic alliances make sense when there is mutual benefit and when an alliance can make a difference between doing something and achieving more. We are involved, therefore, in the following strategic alliances:

- Insurance Alliance: Co-operative Purchasing Services Ltd approached the Federation with a new insurance service and we are pleased to work with CPS on this.
- Information Alliance: We have initiated co-production of the Victorian Co-operative News (VCN) with Words in Time. VCN is now published as a four page insert within National Co-op Update.
- Energy Alliance: We continue to work with Co-operative Energy Ltd on energy aggregation for co-operatives.
- Education and Training Alliance – our work with the Active Learning & Communications Co-operative.
- Internet Alliance – our work with the North East Telecommunications Co-operative Ltd.
- International Alliance: We have liaised with the International Co-operative Alliance Regional Office for Asia and the Pacific in an exchange of information and hosting co-operative visitors. It is regrettable, however, that our budget precludes membership of the ICA.

The key elements of an appropriate strategic alliance are mutual benefit, complementarity, co-operativeness and reliability.

## **Acknowledgements**

In conclusion, I would like to specifically acknowledge:

- Consumer and Business Affairs Victoria – for its continued funding support for the Co-opAdvantage Kit and Workshops and the Victorian Co-operative News.
- The Department of Natural Resources and Environment for its funding of The Co-op Start-Up Manual.
- ACCORD for facilitating the visit of Robert L. Church and Tom Webb (Global Co-operation Consulting).
- TXU Retail for supporting the energy aggregation workshop.
- Co-operative Purchasing Services Ltd – for its continued support in allowing the Federation to hold board meetings at its offices.
- Latrobe University – for allowing us to establish and maintain an office on its Beechworth campus.
- Monash University Agribusiness for the continued development of the Agribusiness Co-operative Directors Seminar and, in particular, Dr. Lawrence Dooley.
- John Gill for his work in supporting and developing the Monash University Agribusiness Co-operative Directors Seminar.
- True Colour Photocopying, Frankston.
- The Warrnambool Co-operative Society Ltd for its support of the visit of Tom Webb, of Global Co-operation Consulting.

The Federation's Executive Officer, Mr. Graeme Charles, has settled in well and members have been positive about their interactions.

The board's relationship with Graeme Charles has been maintained at a high quality based on mutual respect. Graeme has continued to recognise that the board members are a critical source of co-operative business experience and have the capacity to make a professional and skilled contribution. This positive approach by the Executive Officer is critical to the cohesive functioning of the board.

## **Future**

I expect that the next 12 months will see further progress and we will continue to broaden our income base. As I reported in 1999/2000 we are in the process of creating and developing a base of value-adding services.

During 1999/2000 our first significant value-adding service was the professionalisation of the Victorian Co-operative News, accessing National Co-op Update to all members and the printing of envelopes and letterheads. During 2000/01 there were two new value adding services – the Co-opAdvantage Developing Directors of Co-operatives Training Kit and Workshop Program and publication of The Co-op Start-Up Manual. Over the next 12 months there will be at least two more value-added services – a Co-opNet web site and a Co-op Director Manual.

**David Griffiths**

**CO-OPERATIVE FEDERATION OF VICTORIA LTD**

**DIRECTORS' REPORT**

**CO-OPERATIVE FEDERATION OF VICTORIA LTD**

**FINANCIAL STATEMENTS**

**YEAR ENDED 30 JUNE 2001**

**CONTENTS**

- Directors' Report
- Operating Statement
- Profit & Loss Account
- Balance Sheet
- Statement of Cashflows
- Notes to the Accounts
- Directors' Declaration
- Independent Audit Report

**To the members,**

Your Directors submit their report, together with the audited accounts of the Federation for the year ended 30 June 2001.

**DIRECTORS**

The Directors in office during the year and up to the date of this report are:

John Niel BLACK  
 Peter Kenneth JAMIESON  
 David Henry GRIFFITHS  
 Anthony Francis O'SHEA  
 John Sylvester LUCKMAN  
 Valerie Therese OGIER  
 Christopher Dave GREENWOOD  
 Rolf WILKINS (resigned August 2000)  
 Ronald John STONE (resigned March 2001)  
 Vernon Bruce HUGHES (resigned September 2000)  
 Malcolm Herbert BOYCE (resigned April 2001)

**PRINCIPAL ACTIVITIES**

The principal activities of the Federation in the course of the financial year were:

- Maintaining relations with the Registry of Co-operatives,
- Publishing the *Victorian Co-operative News*,
- Providing and developing services for use by members,
- Conducting seminars,
- Participating in meetings of the Co-operatives Council of Australia, and
- Fostering co-operation between member co-operatives.

**OPERATING RESULTS FOR THE YEAR**

The net amount of the loss of the Federation for the financial year after provision for income tax was \$9,110.

**ENVIRONMENTAL REGULATION**

The Co-operative's activities are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

**DIVIDENDS**

The Directors recommend that no amount should be paid by way of dividend. No amount has been paid or declared by way of dividend since the end of the previous financial year.

## REVIEW OF OPERATIONS

The Federation concluded the financial year with an operating loss of \$9,110 after provision for income tax compared to a loss of \$9,506 the previous year. Annual membership subscriptions decreased by \$2,192 and Fees & Commissions Received also decreased by \$852. Total revenues and expenditure, whilst showing increases compared to the previous year, do include a number of items that relate to grants received and expended. The item Agribusiness Seminar (see Note 6(i) to the attached financial statements) included \$8,032 in both income and expenditure was a straight contra of monies received from FarmBis and passed onto individual receipts.

## SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There have been no significant changes in the state of affairs of the Federation over the year.

## AFTER BALANCE DATE EVENTS

There has not arisen in the interval between the end of the financial period and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, to affect substantially the results of the Federation's operations for the next succeeding financial year.

## INFORMATION ON DIRECTORS

### **John Niel Black**

Past Chairman of the Federation  
30 years experience as Co-operative Director  
Appointed Director in 1998

### **Peter Kenneth Jamieson**

Executive Officer and Director  
North East Telecommunications Co-Operative Ltd  
Appointed Director in 2001

### **David Henry Griffiths**

Secretary of Co-operative Energy Ltd  
Chairman Co-op Federation of Victoria  
Appointed Director in 1995

### **Anthony Francis O'Shea**

Secretary  
Avoca District Co-Operative Ltd  
Appointed Director in 2001

### **John Sylvester Luckman**

Chairman YCW Co-op  
Delegate to Co-op Federation of Victoria since 1995  
Appointed Director in 1997

### **Valerie Therese Ogier**

Chairman Co-operative Purchasing Services Ltd since June 1994  
Appointed Director in 1996

### **Christopher Dave Greenwood**

Independent Director  
Editor of National Co-op Update  
Appointed Director in 2001

Six board meetings were held during the 2000/2001 year. The attendances at board meetings were:

- D. Griffiths attended 6 out of 6 meetings
- N. Black attended 6 out of 6 meetings
- M. Boyce attended 1 out of 4 meetings
- V. Hughes attended 0 out of 1 meetings
- J. Luckman attended 4 out of 6 meetings
- V. Ogier attended 1 out of 6 meetings
- R. Stone attended 0 out of 4 meetings
- R. Wilkens attended 0 out of 1 meetings
- P. Jamieson attended 4 out of 4 meetings
- T. O'Shea attended 3 out of 4 meetings
- C. Greenwood attended 3 out of 4 meetings

## DIRECTORS AND EXECUTIVE OFFICERS EMOLUMENTS

Directors are not paid any fees for services as a director. The Federation has a policy of reimbursing directors for travel expenses to board meetings. The secretary in his capacity as the Federation's Executive Officer receives a salary for the provision of administration and member services to the Federation.

Since the end of the previous financial year, no Director of the Federation has received or become entitled to receive a benefit, by reason of a contract made by the Federation with the Director or with a firm of which he/she is a member or with a company in which he/she has a substantial financial interest.

No director has an interest in a contract which the directors are entitled to a benefit which confers a right to call for or deliver shares in, or debentures of or interest in a registered scheme made available by the Federation or a related body corporate.

## INDEMNIFYING OFFICERS OR AUDITORS

The Federation has paid a premium to insure directors and officers against liability for costs and expense incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of a director or officer of the Federation, other than conduct involving wilful breach of duty in relation to the Federation.

The Federation has not given or entered into an agreement to indemnify any person who is or has been an officer or auditor of the Federation in relation to defending legal proceedings.

**This report is made in accordance with a resolution of the Board and is signed for and on behalf of the Directors.**

Signed at Melbourne on the 25<sup>TH</sup> day of October 2001.

*David Griffiths*  
Director - David Griffiths

*D. Griffiths*  
Director -

### CO-OPERATIVE FEDERATION OF VICTORIA LTD

#### OPERATING STATEMENT YEAR ENDED 30 JUNE 2001

	Notes	2001	2000
		\$	\$
<b>INCOME</b>			
Grants Income	2	25,087	18,980
Fees Received		-	650
Interest Received		347	261
Commissions Received		-	201
Membership Subscriptions		33,093	35,285
Publication Sales		575	630
Sundry Income		10	60
Annual Dinner		315	238
Profit on Sale of Leased Asset		-	800
		59,427	57,105
<b>EXPENSES</b>			
Annual Dinner		1,144	-
Advertising and Promotion		-	220
Auditors Remuneration	3	2,095	1,540
Banking Charges		222	186
Chairman's Expenses		1,608	584
Commission Payable		-	2,836
Consultants Fees		-	6,000
Depreciation		183	232
Executive Officers Remuneration	4	31,987	16,712
Grant Expenditure	5	11,854	17,112
Insurance		2,228	2,360
Leasing Charges		656	2,421
Legal Fees		-	204
Meeting Expenses		207	1,791
Net Seminar Expenses	6	917	-
Postage		2,128	2,022
Printing, Publishing & Photocopying Expenses		2,370	4,633
Stationery and Office Supplies		2,487	1,237
Subscriptions and Memberships		-	400
Sundry Expenses		2,515	1,395
Superannuation		2,176	1,020
Telephone, Fax & Internet		2,939	3,826
Travel - Other		175	-
Website Expenses		692	-
Workcover		153	102
Workshop Fees		300	-
		69,036	66,833
<b>OPERATING LOSS</b>			
		(9,609)	(9,728)

## CO-OPERATIVE FEDERATION OF VICTORIA LTD

PROFIT AND LOSS ACCOUNT  
YEAR ENDED 30 JUNE 2001

	Notes	2001 \$	2000 \$
Operating Loss before Income Tax		(9,609)	(9,728)
Income Tax Benefit Attributable to Operating Loss	7	<u>499</u>	<u>222</u>
Operating Loss After Income Tax		(9,110)	(9,506)
Retained Surplus at the beginning of the Financial Year		<u>17,551</u>	<u>27,057</u>
Retained Surplus at the end of the Financial Year		<u>8,441</u>	<u>17,551</u>

## CO-OPERATIVE FEDERATION OF VICTORIA LTD

BALANCE SHEET  
AS AT 30 JUNE 2001

	Notes	2001 \$	2000 \$
<b>CURRENT ASSETS</b>			
Cash at Bank			
Commonwealth Bank		52,508	25,704
Stock of Publications		2,022	2,513
Accrued Income		310	919
Sundry Debtors		720	-
<b>Total Current Assets</b>		<u>55,560</u>	<u>29,136</u>
<b>NON-CURRENT ASSETS</b>			
Investments			
- Community Enterprise Network (at cost)		10	10
CPS Ltd (at cost)		10	10
Office Furniture and Equipment (at WDV)	8	-	183
Future Income Tax Benefit	7	499	184
<b>Total Non-Current Assets</b>		<u>519</u>	<u>387</u>
<b>TOTAL ASSETS</b>		<u>56,079</u>	<u>29,523</u>
<b>CURRENT LIABILITIES</b>			
Sundry Creditors		6,382	2,076
Unearned Income		37,933	8,220
Provision for Annual Leave		1,587	-
<b>Total Liabilities</b>		<u>45,902</u>	<u>10,296</u>
<b>NET ASSETS</b>		<u>10,177</u>	<u>19,227</u>
<b>SHAREHOLDERS EQUITY</b>			
Share Capital	9	1,020	960
Forfeited Share Reserve	10	400	400
Statutory Reserve		316	316
Retained Surplus		8,441	17,551
<b>Total Shareholders Equity</b>		<u>10,177</u>	<u>19,227</u>

## CO-OPERATIVE FEDERATION OF VICTORIA LTD

STATEMENT OF CASHFLOWS  
YEAR ENDED 30 JUNE 2001

	Notes	2001 \$ Inflows (Outflows)	2000 \$ Inflows (Outflows)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash Receipts from operating activities	11(b)	109,253	51,345
Cash Payments from operating activities		(82,856)	(64,939)
Interest Received		347	261
Tax Paid		-	(35)
Net Cash Provided (Used) by Operating Activities		<u>26,744</u>	<u>(13,368)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Net movement in investments		-	18,442
Proceeds from sale of property, plant & equipment		-	800
Net Cash Provided by Investing Activities		<u>-</u>	<u>19,242</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Share capital received		<u>60</u>	<u>90</u>
Net Cash Provided by Financing Activities		<u>60</u>	<u>90</u>
Net increase in cash held		26,804	5,964
Cash at the beginning of the financial year		<u>25,704</u>	<u>19,740</u>
Cash at the end of the financial year	11(a)	<u>52,508</u>	<u>25,704</u>

## CO-OPERATIVE FEDERATION OF VICTORIA LTD

NOTES TO AND FORMING PART OF THE ACCOUNTS  
YEAR ENDED 30 JUNE 2001

## 1. Statement of Accounting Policies

## a) Basis of Accounting

The Co-operative Federation of Victoria Ltd is not a reporting entity because in the Directors' opinion there are unlikely to exist users who are unable to command the preparation of reports tailored so as to satisfy specifically all their information needs, and these accounts are therefore a "Special Purpose Financial Report" that has been prepared solely to meet the Co-operatives Act 1996 requirements to prepare accounts.

The accounts have been prepared in accordance with the applicable Accounting Standards and other mandatory professional reporting requirements and the requirements of the Co-operatives Act 1996 with the exception that Accounting Standards AASB 1026 (Statement of Cash Flows) has not been adopted.

The accounts have been prepared under the historical cost convention and, therefore, do not take into account changing money values or, except where stated, the current value of monetary assets.

The accounting policies adopted are consistent with those applied in the previous year.

## b) Plant and Equipment

Plant and equipment are included at cost. All assets are depreciated over their useful lives by the straight line method.

## c) Income Tax

The Co-operative Federation of Victoria Ltd adopts the liability method of tax-effect accounting whereby the income tax expense shown in the profit and loss account is based on the operating profit before income tax adjusted for any permanent differences.

Timing differences which arise due to the different accounting periods in which items of revenue and expenses are included in the determination of operating profit before income tax and taxable income, are brought to account as either a provision for deferred income tax or an asset described as future income tax benefit at the rate of income tax applicable to the period in which the benefit will be received or the liability will become payable. Future income tax benefits relating to timing differences are not brought to account unless realisation of the asset is assured beyond reasonable doubt.

## CO-OPERATIVE FEDERATION OF VICTORIA LTD

NOTES TO AND FORMING PART OF THE ACCOUNTS  
YEAR ENDED 30 JUNE 2001

	2001	2000
	\$	\$
<b>2. Grant Income</b>		
(i) Office of Fair Trading		
Unearned Income Brought Forward	8,020	12,000
Received 2000/2001	25,000	15,000
less: Unexpended at 30 June	<u>(15,413)</u>	<u>(8,020)</u>
	<u>17,607</u>	<u>18,980</u>
(ii) Department of Natural Resources		
Received 2000/2001	30,000	-
less: Unexpended at 30 June	<u>(22,520)</u>	<u>-</u>
	<u>7,480</u>	<u>-</u>
Total Grant Income	<u>25,087</u>	<u>18,980</u>
<b>3. Auditors' Remuneration</b>		
Charging as Expense		
Auditors' remuneration		
(i) auditing of accounts		
- current year	715	665
- previous year over accrual	-	(25)
(ii) other services	<u>1,380</u>	<u>900</u>
	<u>2,095</u>	<u>1,540</u>
<b>4. Executive Officers Remuneration</b>		
Comprised:		
Salary	21,340	12,905
Travel Reimbursement	3,130	2,127
Grant Remuneration (Office of Fair Trading)	5,930	1,680
Annual Leave Provided	<u>1,587</u>	<u>-</u>
	<u>31,987</u>	<u>16,712</u>

## CO-OPERATIVE FEDERATION OF VICTORIA LTD

NOTES TO AND FORMING PART OF THE ACCOUNTS  
YEAR ENDED 30 JUNE 2001

<b>5. Grant Expenditure</b>		
(i) Office of Fair Trading		
Department of Natural Resources		
4,374	17,112	
7,480	-	
	<u>11,854</u>	<u>17,112</u>
(ii) Total expenditure of Office of Fair Trading grant comprises:		
- Office of Fair Trading	4,374	17,112
- Energy Aggregation Seminar expenses per Note 6(iii)	7,303	-
- Executive Officers Remuneration per Note 4	5,930	-
	<u>17,607</u>	<u>17,112</u>
<b>6. Net Seminar Expenses</b>		
(i) Agribusiness Seminar		
Subscription Fees	8,032	-
less: Expenses	(8,032)	-
Net Expenses		
(ii) Marketing Our Co-operative Advantage Seminar		
Subscription Fees	5,718	-
less: Expenses	(6,204)	-
Net Expenses	486	-
(iii) Energy Aggregation Seminar		
Subscription Fees	6,872	-
less: Expenses	(7,303)	-
Net Expenses	431	-
Total Net Seminar Expenses		
	<u>917</u>	<u>-</u>
<b>7. Income Tax Expense</b>		
a) The prima facie tax payable on operating profit is reconciled to the income tax provided in the accounts as follows:		
Operating Loss before Income Tax	(9,609)	(9,728)
Less Exempt Income	(34,083)	(36,116)
Add Expenses incurred in deriving Exempt Income	<u>39,872</u>	<u>43,208</u>
Taxable Income (Loss)	<u>(3,820)</u>	<u>(2,636)</u>
Tax effect at company tax rate		
Increase in Future Income Tax Benefit	(315)	(145)
Overprovision previous year	-	(77)
Future Income Tax Benefit Carried Forward	<u>(184)</u>	<u>-</u>
Income Tax Benefit	<u>(499)</u>	<u>(222)</u>

**NOTES TO AND FORMING PART OF THE ACCOUNTS  
YEAR ENDED 30 JUNE 2001**

	2001	2000
	\$	\$
<b>7. Income Tax Expense Cont'd</b>		
b) The Income Tax expense/(benefit) comprises amounts set aside as:		
Provision for Income Tax Payable		
Future Income Tax Benefit	(499)	(145)
Overprovision previous year	<u>-</u>	<u>(77)</u>
	<u>(499)</u>	<u>(222)</u>
Future Income Tax Benefit relates to:		
• Timing Differences	<u>499</u>	<u>184</u>

	2001	2000
	\$	\$
<b>8. Property, Plant &amp; Equipment</b>		
Office Furniture and Equipment		
At Cost	1,779	1,779
Accumulated depreciation	<u>(1,779)</u>	<u>(1,596)</u>
	<u>-</u>	<u>183</u>

	2001	2000
	\$	\$
Issued capital: 510 (2000: 480) shares	<u>1,020</u>	<u>960</u>

	2001	2000
	\$	\$
Forfeited Share Reserve:		
Net transfer to Share Capital	<u>-</u>	<u>20</u>

	2001	2000
	\$	\$
<b>11. Cashflow Statement Information</b>		
(a) Reconciliation of Cash		
Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the balance sheet as follows:		
Cash at Bank – Commonwealth Bank	<u>52,508</u>	<u>25,704</u>

**NOTES TO AND FORMING PART OF THE ACCOUNTS  
YEAR ENDED 30 JUNE 2001**

	2001	2000
	\$	\$
<b>11. Cashflow Statement Information Cont'd</b>		
(b) Reconciliation of operating loss to net cash flows from operation as follows:		
Operating loss	(9,110)	(9,506)
Depreciation	183	232
Decrease in stock	491	391
Increase/(decrease) in accrued income	609	(919)
Increase in sundry debtors	(720)	-
Increase in sundry creditors	4,306	1,271
Increase in FITB	(315)	(145)
Increase/(decrease) in unearned income	29,713	(3,780)
Decrease in provision for tax	-	(112)
Profit on disposal of assets	-	(800)
Increase in provision for annual leave	1,587	-
Cash flows from operations	<u>26,744</u>	<u>(13,368)</u>

**CO-OPERATIVE FEDERATION OF VICTORIA LTD**  
**DIRECTORS DECLARATION**

In accordance with a Resolution of the Directors of the CO-OPERATIVE FEDERATION OF VICTORIA LTD we do hereby state that in the opinion of the Directors, the accompanying Profit and Loss Account is drawn up so as to give a true and fair view of the loss of the Federation for the financial year ended 30 June, 2001 and the accompanying Balance Sheet is drawn up so as to give a true and fair view of the state of affairs of the Federation as at 30 June, 2001.

Signed at Melbourne this 25<sup>TH</sup> day of October 2001 in accordance with a resolution of Directors.

*David Griffiths.....*  
 Director - David Griffiths

*A. J. B.*  
 Director -

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
 CO-OPERATIVE FEDERATION OF VICTORIA LTD**

**Scope**

We have audited the accounts being the Declaration by Directors, Profit and Loss Account and Balance Sheet and Notes to Accounts of Co-operative Federation of Victoria Ltd for the year ended 30 June, 2001. The Federation's directors are responsible for the preparation and presentation of the accounts and the information they contain. We have conducted an independent audit of these accounts in order to express an opinion on them to the members of the Federation.

Our audit has been conducted in accordance with Australian Auditing Standard to provide reasonable assurance as to whether the accounts are free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the accounts, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether, in all material respects, the financial statements are presented fairly in accordance with Australian Accounting Standards and other mandatory professional reporting requirements and statutory requirements, so as to present a view which is consistent with our understanding of the Federation's financial position and the results of its operations.

The audit opinion expressed in this report has been formed on the above basis.

**Opinion**

In our opinion, the financial report of the Federation is properly drawn up in accordance with:-

- a) The Corporations Law, including:
  - i) giving a true and fair view of the Federation's position as at 30 June 2001 and of the performance for the year ended on that date, and
  - ii) complying with Accounting Standards and the Corporations Regulations.
- b) The Provisions of the Co-Operatives Act 1996.
- c) Other mandatory professional reporting requirements.

Signed at Ballarat this 26<sup>TH</sup> day of October 2001

*Prowse, Perrin & Twomey*  
 PROWSE, PERRIN & TWOMEY  
 Certified Practising Accountants

*Tim Bunning*  
 Tim Bunning  
 (CPA)

## **ICA Statement on the Co-operative Identity**

### **Definition**

A co-operative is an autonomous association of persons united voluntarily to meet their common economic, social and cultural needs and aspirations through a jointly-owned and democratically-controlled enterprise.

### **Values**

Co-operatives are based on the values of self-help, self-responsibility, democracy, equality, equity and solidarity. In the tradition of their founders, cooperative members believe in the ethical values of honesty, openness, social responsibility and caring for others.

### **Principles**

The co-operative principles are guidelines by which cooperatives put their values into practice.

#### **1<sup>st</sup> Principle: Voluntary and Open Membership**

Cooperatives are voluntary organizations, open to all persons able to use their services and willing to accept the responsibilities of membership, without gender, social, racial, political and religious discrimination.

#### **2<sup>nd</sup> Principle: Democratic Member Control**

Cooperatives are democratic organizations controlled by their members, who actively participate in setting their policies and making decisions. Men and women serving as elected representatives are accountable to the membership. In primary cooperatives members have equal voting rights (one member, one vote) and cooperatives at other levels are also organized in a democratic manner.

#### **3<sup>rd</sup> Principle: Member Economic Participation**

Members contribute equitably to, and democratically control, the capital of their cooperative. At least part of that capital is usually the common property of the cooperative. Members usually receive limited compensation, if any, on capital subscribed as a condition of membership. Members allocate surpluses for any or all of the following purposes: developing their cooperative, possibly by setting up reserves, part of which at least would be indivisible; benefiting members in proportion to their transactions with the cooperative; and supporting other activities approved by the membership.

#### **4<sup>th</sup> Principle: Autonomy and Independence**

Cooperatives are autonomous, self-help organizations controlled by their members. If they enter into agreements with other organizations, including governments, or raise capital from external sources, they do so on terms that ensure democratic control by their members and maintain their cooperative autonomy.

#### **5<sup>th</sup> Principle: Education, Training and Information**

Cooperatives provide education and training for their members, elected representatives, managers and employees so they can contribute effectively to the development of their cooperatives. They inform the general public – particularly young people and opinion leaders – about the nature and benefits of cooperation.

#### **6<sup>th</sup> Principle: Cooperation among Cooperatives**

Cooperatives serve their members most effectively and strengthen the cooperative movement by working together through local, national, regional and international structures.

#### **7<sup>th</sup> Principle: Concern for Community**

Cooperatives work for the sustainable development of their communities through policies approved by their members.

## Members 2000/01

P23 Abalone Fishermen's Co-operative Ltd  
Active Learning & Communication Co-operative Ltd.  
P13 Amalgamated Taxis Wodonga Co-operative Ltd  
P23 Apollo Bay Fisherman's Co-operative Ltd  
P23 Architeam Co-operative Ltd  
Ardmona Foods Ltd  
Australian Alpaca Co-operative Ltd.  
Australian Venison Co-operative Ltd  
P23 Avoca District Co-operative Ltd  
P23 Bonlac Foods Limited  
P11 Carlton Rental Housing Co-operative Ltd  
P23 Central Highlands Co-operative Ltd  
P23 Central Sires Co-operative Ltd  
P13 CEPA Co-operative Ltd  
P23 Cobden A.B. Co-operative Ltd  
P23 Colac Herd Improvement Co-operative Ltd  
Co-operative Development Services Ltd  
P13 Co-operative Energy Ltd  
Co-operative Purchasing Services Ltd  
P23 Demo Dairy Co-operative Ltd  
Emerald & District Co-operative Society Ltd  
Essendon Rental Housing Co-operative Ltd  
P23 Euroa Co-operative Society Ltd  
Geelong Radio Cabs Co-operative Ltd  
P23 Genetics Australia Co-operative Ltd  
P23 Green Valley Co-operative Ltd  
P23 Herd Improvement Co-op (Maffra) Ltd  
P23 Hopetoun Community Hotel Co-operative Society Ltd  
P23 Hopetoun Courier Co-operative Ltd  
P23 Kensington Community Children's Co-operative Ltd  
P23 Keysborough Freedom Club Co-operative Ltd  
P23 Macalister Research Farm Co-operative Ltd  
Mirboo North Community Support Co-operative Ltd  
P23 MSA Co-operative Bookshop Ltd  
Mt. Murrindal Co-op Ltd *(9/1/01 resigned)*  
P23 Murray Goulburn Co-operative Co Ltd  
P23 Northcote Rental Housing Co-operative Ltd  
P23 North East Flower Growers Co-operative Ltd.  
P23 North East Rural Education Project Co-operative Ltd.  
North East Telecommunications Co-operative Ltd  
North East Victoria Forest Growers Co-operative Ltd *(15 January 02 merged)*  
P23 Northern Herd Development Co-operative Ltd  
P23 Para Park Co-operative Game Reserve Ltd  
P.B.E. Water Supply Co-operative Ltd  
P23 Primeal Co-operative Society Ltd  
Progressive Broadcasting Service Co-operative Ltd  
P23 Pyrenees Hay Processors Co-operative Ltd.  
P23 Pyrenees Store Co-operative Ltd.  
P23 Ruach Community Co-operative Ltd  
P23 Rupnorth Co-operative Ltd  
P23 Rural Industries Co-operative Ltd  
San Remo Fishermen's Co-operative Society Ltd  
P23 Skills Net Association Co-operative Ltd.  
P23 South East Housing Co-operative Ltd.  
P23 Southern Agricultural Producers Co-operative Ltd  
P23 Southern Energy Co-operative Ltd  
South Gippsland Artificial Breeders Co-operative Ltd  
South Kingsville Health Services Co-operative Ltd  
P23 St. Albans Community Centre Co-operative Ltd  
P23 Sunshine/St.Albans Rental Housing Co-operative Ltd

P23 Terang & District Co-operative Society Ltd  
P23 Toora & District A.B. Co-operative Ltd  
P23 Urban Camp Melbourne Co-operative Ltd  
P23 Warrnambool Co-operative Society Ltd.  
P23 Wathaurong Aboriginal Co-operative Ltd  
P23 ~~Waverley~~ Waverley Trading Co-operative Ltd  
P23 Wholefoods Co-operative Ltd  
P13 Y.C.W. Co-operative Society Ltd